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UNCLAS SECTION 01 OF 02 COLOMBO 000960

SIPDIS

SENSITIVE

DEPARTMENT FOR SA/INS; DEPARTMENT PASS TO USTR - JROSENBAUM
AND AWILLS; COMMERCE FOR ARI BENAISSA

E.O. 12958: N/A

TAGS: [ECON](#) [CE](#) [ERTD](#) [USTR](#) [ECONOMICS](#)

SUBJECT: GSL TRADE MINISTER TO REQUEST FTA DURING DC VISIT

REF: E.O. 12958: N/A

Sensitive but unclassified, please handle accordingly.

1.(SBU) Summary: Ambassador met with Commerce Minister Fernandopulle on the eve of the Minister,s departure for the UNCTAD conference in Brazil and a visit to Washington. Fernandopulle listened intently, but was non-committal, to US request to delete references to Doha in the UNCTAD text. Regarding meetings in Washington, he urged the US to consider Sri Lanka,s request for an FTA and asked the Ambassador to request that representatives from the garment industry who will accompany the Minister to Washington be allowed to sit in on his meetings with USTR and others. Post believes allowing one representative from the garment sector to sit in on the meeting with USTR Zoellick, and perhaps a separate meeting for the garment delegation with AUSTR Wills, would be appropriate and useful for providing perspective for the business sector on the US position vis--vis an FTA. End Summary.

2. (SBU) This cable contains an action request, para 4. During a June 8 meeting with the Ambassador, Commerce and Consumer Affairs Minister Jeyeraj Fernandopulle was upbeat about the UPFA,s prospects for securing a majority in Parliament, saying they were close to the 113 seats needed to form an absolute majority. Fernandopulle had also been appointed chief whip and was pleased with his selection to that post. When the Ambassador turned the meeting to the Minister,s upcoming visits to Brazil and Washington, Fernandopulle listened intently as the Ambassador discussed US concerns about reopening sensitive Doha Round related topics during the UNCTAD meetings in Brazil. Fernandopulle gave no indication of support but promised to take the matter under consideration. Ambassador reviewed arguments related to Sri Lanka,s continuing interest in securing a more liberal trade environment worldwide. He said that the previous government had cooperated with the U.S. in the WTO, not because it was trying to curry favor with the U.S., but because it assessed that was the best way to advance Sri Lanka's own trading interests, which were not coincident with those of the G-20.

3.(SBU) Fernandopulle indicated that while in Washington he would tell USTR Zoellick that Sri Lanka wants to pursue a Free Trade Agreement (FTA) with the US. Ambassador reviewed constraints that make beginning negotiations on an FTA this year difficult. Fernandopulle acknowledged US difficulties but indicated that for political reasons he needed to be seen as doing all he could. The manufacturing sector in general, and the garment sector in particular, viewed the US as aligned with the recently defeated UNP Government, and the lack of progress on an FTA as US punishment against the new UPFA Government.

4. (SBU) Ambassador assured Fernandopulle that this was untrue but reviewed FTA complexities and realities of election year politics in the US and other factors, including the number of FTA's awaiting congressional approval or being negotiated. In this vein, Fernandopulle said he had invited a small delegation of garment manufacturers (note: by far the most vocal proponents of an FTA in Sri Lanka) to accompany him on his trip to Washington. In a moment of candor, Fernandopulle indicated they had been included in order to "see that I am trying to do something on the FTA." He said the Sri Lankan Embassy in Washington had suggested it would be difficult to arrange for the visiting delegation to accompany him to meetings with USTR, but he hoped the Ambassador could make an appeal on his behalf. Fernandopulle is planning to bring several of the major garment manufacturer executives during his visit. Post believes it would be in the US interest to allow at least one of them to accompany Fernandopulle during his meeting with USTR Zoellick and that perhaps a separate meeting with AUSTR Wills for this delegation be arranged.

5. (SBU) Comment: Fernandopulle was far more confident and much better briefed than during the Ambassador,s initial courtesy call. While we hope he will take on board Sri Lanka,s natural interests in supporting an open trade regime and support US positions in the UNCTAD conference, the new

Government is still feeling its way on certain aspects of economic policy. Fernandopulle is to be accompanied to Brazil by Ambassador K.J. Weerasinghe, Sri Lanka,s former WTO permrep, who is familiar with and favorably disposed toward US positions in the international trade arena. The business representatives Fernandopulle is bringing to Washington are well and favorably known to the Embassy, and we urge some accommodations be made to include some or all of them in meetings wherever possible and appropriate. End comment.
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